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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 000646

SIPDIS

SIPDIS

USFJ FOR J00/J01/J5/J7,  
OSD JAPAN DESK FOR SEDNEY/HILL/BASALLA

E.O. 12958: DECL: 03/12/2018

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SUBJECT: DELAYED DIET DELIBERATIONS WILL NOT ADVERSELY  
IMPACT HOST NATION SUPPORT

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b) and (d).

11. (C) SUMMARY. Despite recent delays in Japanese Diet deliberations, funding for Host Nation Support (HNS) will not be seriously affected. The SMA must be approved by the Diet in order to authorize the disbursement of funds for training relocation, utility reimbursements and labor cost sharing for the Japanese fiscal year 2008 - 2011. MOFA and Ministry of Defense officials tell the Embassy that the SMA is unlikely to clear the Lower House until mid-March at the earliest and the Upper House in Mid-April, which will delay the first round of aviation training relocation (ATR) currently scheduled for April. However, further training exercises will not be postponed. MOFA and MOD assure the Embassy that a delay in approving the SMA will not threaten other categories of HNS, including labor cost sharing or utility cost sharing. END SUMMARY.

SMA: Key to Budget Authorization

12. (C) The Special Measures Agreement (SMA) is required to authorize the disbursement of HNS money for utilities reimbursements, labor cost sharing and training relocation. The JFY 2008 budget for utilities reimbursement is 250 million dollars. Labor cost sharing is approximately 1.1 billion dollars. The budget for training relocation is approximately 20 million dollars, of which 900 million yen is earmarked for ATR and authorized by the SMA. The ruling parties are still pressing for final approval of the SMA by April 1, the start of JFY 2008.

13. (C) MOFA and MOD officials tell Embassy Tokyo and USFJ that, despite coalition efforts, the SMA bill is unlikely to be introduced in the Lower House until mid- or late-March due to delays caused by an opposition boycott of deliberations. Final clearance by the Lower House would then likely be by April 1. Once the SMA clears the Lower House, the Upper House will have 30 days to review the SMA before final approval. Both MOFA and MOD say that the Upper House could possibly drag-out the debate for the full 30 days, but such a scenario is unlikely. Final approval for the SMA by the Diet

would then occur before April 30.

A Minimal Impact

¶4. (C) Final approval of the SMA by April 30 is unlikely to seriously impact HNS and training relocation. MOD has told the Embassy that the Japanese maintain a "Special Procurement Fund" that has already been approved in the budgetary process and will cover utility reimbursements and labor cost sharing payments until June.

¶5. (C) In terms of funding and timing, USFJ and MOD have agreed to reschedule a training deployment by U.S. Navy FA-18s to Komatsu Air Self Defense Force base originally scheduled for early April. ATR scheduled for May is set to receive funding even if Diet approval comes as late as April ¶30.

Possible Timeline

¶6. (U) The following is a best-case timeline for a delayed Diet schedule:

March 14: New SMA presented to the Lower House.

March 19: New SMA to be presented to the Lower House Committee on Foreign Affairs (GOJ to explain content of new SMA).

March 26: First deliberation of new SMA (Q and A).

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March 28: Second Deliberation of the new SMA; Committee to vote on approval of the new SMA.

April 1: Lower House to vote on approval of the new SMA at plenary. New SMA to be sent immediately to Upper House for deliberations and approval.

April 30 (if required): The new SMA is approved under the 30 day supremacy rule by the Lower House.  
SCHIEFFER